

# **EXHIBIT 3**

**FILED UNDER SEAL PURSUANT TO  
PROTECTIVE ORDER**

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE  
GREENEVILLE DIVISION

IN RE:       SOUTHEASTERN       ) Master File No. 1899  
MILK ANTITRUST                ) Master File No.  
LITIGATION                    ) 2:08-MD-1000  
\_\_\_\_\_ ) The Honorable J. Ronnie  
                              Greer, United States  
                              District Judge  
                              The Honorable Dennis H.  
                              Inman, United States  
                              Magistrate Judge

The Videotaped deposition of  
BARBARA DENNEY ARWOOD, called by the Defendants for  
examination, pursuant to the Federal Rules of Civil  
Procedure for the United States District Court  
pertaining to the taking of depositions, taken  
before Greg S. Weiland, Certified Shorthand  
Reporter, at Suite 1100, 1775 I Street, N.W.,  
Washington, D.C., commencing at 9:04 o'clock a.m.,  
on the 10th day of June, 2009.

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312-421-3377

1 Q. Okay. And what is that?  
 2 A. I can't tell you what the PI stands for.  
 3 It may be plate in, I better not say, but it has to  
 4 do with bacteria quality.  
 5 Q. Okay.  
 6 A. And you try -- we try to get it every time  
 7 too.  
 8 Q. And it shows I guess for this month,  
 9 January 2006, your milk missed the quality threshold  
 10 to qualify for the PI quality premium?  
 11 A. Yes, sir.  
 12 Q. And if you flip to the next page, ma'am,  
 13 again looking at the same line items, Premium, SCC  
 14 Quality and PI Quality, it looks like your farm for  
 15 that month did get the overorder premium, the SCC  
 16 quality premium and the PI quality premium, correct?  
 17 A. Yes, sir.  
 18 Q. In the middle, it says Price, and there's  
 19 a number.  
 20 Does that indicate the amount paid per  
 21 hundred weight on the applicable premium?  
 22 A. The -- are you looking at pay price?  
 23 Q. I'm looking at price here.  
 24 A. Excuse me.

1 Q. There's numbers.  
 2 A. I see it now, okay.  
 3 Q. And it looks like that because you hit the  
 4 targets for these premiums, you would multiply the  
 5 weight, which is listed by the price per hundred  
 6 weight which is listed.  
 7 Is it your understanding you were paid the  
 8 prices indicated per hundred weight of the milk for  
 9 that month?  
 10 MS. SULLIVAN: Objection to form.  
 11 I'm sorry, I got a little lost in there.  
 12 Are you looking at a particular line or all of them?  
 13 BY MR. STANOCH:  
 14 Q. We can look at a particular line. That's  
 15 a good idea. That will make it easier, ma'am.  
 16 Let's look at, say, the one that's marked Premium.  
 17 Do you see that?  
 18 A. Yes, sir.  
 19 Q. And if you carry along, it says  
 20 .15000/CWT.  
 21 Do you see that?  
 22 A. Yes, sir.  
 23 Q. And does that mean 15 cents per hundred  
 24 weight?

1 A. Yes, sir.  
 2 Q. Okay. So I guess the rate for that  
 3 overorder premium was 15 cents per hundred weight  
 4 for this month?  
 5 A. Yes, it was.  
 6 Q. And the payment of your milk was still  
 7 being processed by DMS in February 2006, correct?  
 8 A. Yes, sir.  
 9 Q. And if you flip a little further, ma'am,  
 10 to Bates numbered document ARWOOD321, it's the  
 11 statement for October 2006.  
 12 A. Yes, sir.  
 13 Q. And it shows that your farm, looking at  
 14 the same premiums we were before, hit all three of  
 15 the premiums, the overorder premium, the SCC quality  
 16 and the PI quality; is that correct?  
 17 A. Yes, sir.  
 18 Q. And this time the rate, if you will, for  
 19 the overorder premium, it says 1.00000/CWT, correct?  
 20 A. Yes, sir.  
 21 Q. So that was the rate at which you were  
 22 paid for the overorder premium for this month?  
 23 A. Yes, sir.  
 24 Q. Okay. And as with all other months in

1 2006, the payments for your milk to Mayfield were  
 2 being processed by DMS at the time of this  
 3 statement, correct?  
 4 A. Yes, sir.  
 5 Q. Do you have an understanding of the  
 6 percentages of your milk delivered to Mayfield --  
 7 strike that.  
 8 Do you know what uses, utilizations your  
 9 milk was used for by Mayfield?  
 10 A. No.  
 11 Q. Did you ever discuss with anyone at DMS  
 12 the premiums you received for your milk?  
 13 A. No.  
 14 Q. Did you ever discuss the premiums you  
 15 received for your milk with anyone at Mayfield?  
 16 A. I don't recall.  
 17 Q. Did you ever discuss the premiums you  
 18 received for your milk with anyone at Dean Foods  
 19 Company?  
 20 A. No.  
 21 Q. Do you have an understanding of the  
 22 premiums that were being paid to cooperative members  
 23 at any time?  
 24 A. No.

1 Q. Do you have an understanding of the  
2 premiums being paid to DFA co-op members at any  
3 time?  
4 A. No.  
5 Q. Do you have an understanding of the  
6 premiums being paid to any independent producer of  
7 any milk plant in Order 5 and 7?  
8 A. No.  
9 Q. Are you familiar with the term uniform  
10 blend price?  
11 A. Yes.  
12 Q. What's your understanding of that term?  
13 A. Well, I said yes quickly, but the word  
14 uniform I'm not familiar with. Blend price I'm  
15 familiar with.  
16 Q. Well, why don't you tell me then, ma'am,  
17 what --  
18 A. Blend price is what we receive the payment  
19 for. I mean, that's the bottom line for our check  
20 is the blend price, and that's determined by the  
21 Milk Market Administrator.  
22 Q. Are you familiar with minimum class  
23 prices?  
24 A. No.

1 Q. Are you familiar with transportation  
2 credits?  
3 A. Excuse me?  
4 Q. Transportation credits?  
5 A. I'm not familiar with that term.  
6 Q. Are you familiar with any of the costs  
7 associated with supplemental milk?  
8 A. I know that supplemental milk is brought  
9 in to our area, but I'm not familiar with the price  
10 that's paid for it.  
11 Q. Are you familiar with the term  
12 "balancing"?  
13 A. I'm somewhat familiar with that, yes.  
14 Q. What's your understanding of that term?  
15 A. I understand that -- I better say no. I'm  
16 not familiar with balancing enough to talk about it.  
17 Let's just say it that way.  
18 Q. So then you're not familiar with balancing  
19 costs either?  
20 A. It hasn't affected us. It affects dairy  
21 farmers, and I believe that maybe the milk that's  
22 not used on weekends or something, it has to go to  
23 another plant, balancing. I'm -- that's -- I'm not  
24 familiar with it.

1 Q. Which dairy farmers other than you are you  
2 talking about?  
3 A. Well, all of us in the southeast would be  
4 affected by that.  
5 Q. Are you familiar with Southern Marketing  
6 Agency?  
7 A. I know that they're a defendant in this  
8 case.  
9 Q. Do you know what they do?  
10 A. They -- I assume that they sell milk.  
11 Q. Anything else?  
12 A. They're a part of the cooperative. They  
13 are a cooperative.  
14 Q. Which cooperative are they a part of?  
15 A. They are a cooperative.  
16 Q. They are a cooperative, I'm sorry.  
17 Do you have any other understanding of  
18 what SMA, which is Southern Marketing Agency, what  
19 SMA does?  
20 A. No.  
21 Q. Are you familiar with volume premiums?  
22 A. Yes. That would be an overorder premium,  
23 a volume premium.  
24 Q. And would that be a premium you receive

1 for selling a certain volume of milk to a plant?  
2 A. Yes, sir.  
3 Q. Are there certain volume thresholds you  
4 must meet in terms of total pounds shipped to  
5 qualify for that?  
6 A. Yes.  
7 Q. Have -- has your farm ever tried to hit  
8 volume premiums -- I'm sorry, strike -- to hit the  
9 volume threshold necessary to qualify for a volume  
10 premium?  
11 A. Well, we don't make that a daily goal. We  
12 try to get as much money for our milk as we can, the  
13 highest price, and we do try to maximize, you know,  
14 our potential for our milk.  
15 But as far as, you know, having that as a  
16 goal, to meet the volume, we don't have that as a  
17 daily goal I guess.  
18 Q. Do you know if other farms do?  
19 MS. SULLIVAN: Objection to form.  
20 THE WITNESS: No. No, I don't.  
21 BY MR. STANOCH:  
22 Q. Do you think it's easier for farms bigger  
23 than yours to hit the thresholds necessary to  
24 qualify for volume premiums?



1 as Exhibit Defendants' 327. This is another  
2 printout from the same website, now talking about  
3 subsidy payments to VBA Dairy directly.

4 And I guess my question is, do you know  
5 why this document is talking about pass-through  
6 subsidies to yourself and your husband?

7 MS. SULLIVAN: Objection to form.

8 THE WITNESS: What did you say, pasture?  
9 BY MR. STANOCH:

10 Q. I'm sorry, pass-through subsidy benefit is  
11 what it states there.

12 A. I see it now. Thank you.

13 MS. SULLIVAN: Objection to form.

14 THE WITNESS: I don't know.

15 BY MR. STANOCH:

16 Q. Okay.

17 A. This is the same amount that's listed for  
18 Barbara Arwood in the Exhibit 326. I don't know  
19 what it's for.

20 Q. Do you have an understanding why  
21 collectively Exhibits 325, 26 and 27 are showing I  
22 guess pass-through subsidies is what they say going  
23 to yourself and your husband versus your farm?

24 MS. SULLIVAN: Objection, form.

1 THE WITNESS: As I indicated, probably  
2 it's a name thing. It's all for the farm. It's not  
3 for us personally. I mean, it may -- I don't  
4 remember why.

5 BY MR. STANOCH:

6 Q. Do you have an understanding of what base  
7 milk refers to?

8 A. It's my understanding that during a  
9 certain period they see how much milk we produce,  
10 such as maybe September, and that's our base, and we  
11 would get paid, you know, let's say 4,000 pounds.  
12 Anything above that would be -- we would be paid  
13 extra for or at a different rate, anything over the  
14 base.

15 Q. Has your farm ever participated in any  
16 base program?

17 A. I didn't know we had a choice. I think  
18 it's a natural thing that the plant does. Every  
19 year they set that.

20 Q. Do you participate in a base program  
21 today?

22 A. Yes.

23 Q. For about how long have you been  
24 participating in a base program?

1 A. I suppose 32 years.

2 Q. Has your farm ever participated in the  
3 Dairy Export Incentive Program?

4 A. I don't know.

5 Q. Do you know what that program is?

6 A. No.

7 Q. Do you know what the Dairy Price Support  
8 Program is?

9 A. No.

10 Q. Has your farm ever participated in that  
11 program?

12 A. I don't know.

13 Q. Do you know what Cooperatives Working  
14 Together is?

15 A. I've seen their name.

16 Q. Do you know what that organization does or  
17 promotes?

18 A. No.

19 Q. Has your farm ever participated in that  
20 program?

21 A. No.

22 Q. Do you have an understanding of how the  
23 Market Administrators establish the monthly minimum  
24 class prices for milk?

1 A. I am somewhat familiar with that, but we  
2 do get a newsletter from them, from Sue Mosley each  
3 month regarding the classification prices.

4 I don't know that I'd be able to outline  
5 that for you.

6 Q. And Sue Mosley is the Market Administrator  
7 for Order 7?

8 A. Yes, and maybe Order 5.

9 Q. Do you have copies of those newsletters?

10 A. No.

11 Q. Do you know how the Market Administrator  
12 establishes the Class I differential for geographic  
13 regions within your order?

14 A. No.

15 Q. Do you know how the Market Administrator  
16 for your order establishes on a monthly basis the  
17 uniform prices?

18 A. No.

19 Q. Do you know how the Market Administrator  
20 for your order determines a cooperative's draw from  
21 the Producer Settlement Fund?

22 A. No.

23 Q. Do you know how the Market Administrator  
24 for your order determines a cooperative's draw from

1 the Transportation Credit Fund?

2 A. No.

3 Q. Do you know how the Market Administrator  
4 for your order establishes the limits on how much  
5 milk can be pooled by diversion in the order per  
6 month?

7 A. I don't know.

8 Q. Do you have an understanding of how the  
9 prices established by the Market Administrator for  
10 your order compare to the prices established within  
11 other orders?

12 A. I don't have that information.

13 Q. Do you know of the prices established by  
14 other Market Administrators for other orders besides  
15 your own?

16 A. No, I don't.

17 Q. Have you ever heard of DCMA?

18 A. I've seen those initials.

19 Q. Do you know what DCMA stands for?

20 A. No.

21 Q. Do you know what DCMA does?

22 A. No.

23 Q. Do you know who are members of DCMA?

24 A. No.

1 MR. STANOCH: Let's just take a quick  
2 break.

3 THE VIDEOGRAPHER: Going off the record,  
4 the time on the monitor is 11:57:23.

5 (Whereupon, a lunch recess was  
6 taken.)

7 THE VIDEOGRAPHER: Going back on the  
8 record, the time on the video screen is 12:55:30.

9 Please continue.

10 BY MR. STANOCH:

11 Q. Good afternoon, Mrs. Arwood.

12 A. Good afternoon.

13 (Defendants' Exhibit 328 was  
14 marked for identification.)

15 BY MR. STANOCH:

16 Q. Ma'am, I'm handing you what is marked  
17 Defendants' Exhibit 328. This appears to be another  
18 collection of final producer statements for your  
19 farm for sales to Mayfield for each month of the  
20 year 2002.

21 Do you see that?

22 A. Yes, sir.

23 Q. Okay. And we have looked at similar  
24 statements earlier, and the premiums that your farm

1 received for the milk was located I guess generally  
2 in the same vicinity of the exhibit towards the top  
3 there where at least on the first page it says  
4 Mayfield premium and MDF/Volume Premium Program?

5 A. Yes, sir.

6 Q. And on these statements, the amount you  
7 were being paid per hundred weight for your milk on  
8 those premiums are the numbers indicated to the  
9 right of them, for example the weight .200000?

10 A. Oh sure, yes.

11 Q. Okay.

12 (Defendants' Exhibit 329 was  
13 marked for identification.)

14 BY MR. STANOCH:

15 Q. And I'm handing you now, ma'am,  
16 Defendants' Exhibit 329, which is a collection of  
17 statements.

18 Actually I believe we already marked that  
19 collection Defendants' 321, didn't we?

20 MS. SULLIVAN: Yes.

21 BY MR. STANOCH:

22 Q. Well, in that case, you can just hand me  
23 that back ma'am. You can go in your stack and find  
24 the one that's marked Defendants' 321.

1 A. Okay.

2 Q. I apologize for that. Just let me know  
3 when you have that handy.

4 A. I have it.

5 Q. Okay. And again, Exhibit 321 is a  
6 collection of Mayfield producer statements for your  
7 farm for the year 2006, correct?

8 A. Yes.

9 Q. And it shows that at least for the  
10 first -- on the first page of that, ARWOOD312 of  
11 321 --

12 A. Yes, sir.

13 Q. -- the premiums it looks like your farm  
14 only received one premium, and that was for SCC  
15 quality in January '06, and the rate of that premium  
16 was .25; is that correct?

17 A. Correct.

18 Q. Okay. If you go to the next page of the  
19 same exhibit, ARWOOD313, it looks like for the month  
20 of February 2006 you received an overorder premium  
21 and then both quality premiums for that month,  
22 correct?

23 A. Yes.

24 Q. And the rates of those premiums were .15,







1 situation?

2 A. I don't feel that we're getting the  
3 highest price for our milk. I don't feel that it's  
4 a competitive price.

5 Q. Do you have any idea what price you think  
6 you should be getting?

7 A. Yes.

8 Q. What is that?

9 A. For us to pay bills and have a proper  
10 accounting, we would -- we need about \$20 per  
11 hundred weight.

12 Q. How did you arrive at that number?

13 A. When we were getting \$20 per hundred  
14 weight, I was paying our bills totally, and that's  
15 how I came up with that number.

16 Q. Do you know when you were getting \$20 per  
17 hundred weight?

18 A. Early last year, 2008. Now, I say that.  
19 I may be wrong since I don't have the numbers in  
20 front of me. I know we were getting at least 16.

21 So don't hold me to that figure that I  
22 said I knew that. I think it was -- at least \$16  
23 per hundred weight helps us so much more, but 20 is  
24 a whole lot better.

1 Q. What period do you think it was \$16? Did  
2 you mean early 2008 for 16, or --

3 A. Yes, I did.

4 Q. Okay.

5 A. I haven't looked at those numbers again,  
6 David, but I -- it appeared -- I remember being able  
7 to pay the balance of many bills in February of  
8 2008.

9 Q. Do the amounts of your bills change over  
10 time?

11 MS. SULLIVAN: Objection to form.

12 THE WITNESS: Would you repeat question?

13 BY MR. STANOCH:

14 Q. Sure. Do the amounts of your bills change  
15 over time?

16 A. Oh yes.

17 Q. Sometimes they're up, sometimes they're  
18 down?

19 MS. SULLIVAN: Objection to form.

20 THE WITNESS: Yes.

21 MR. STANOCH: We need to change the tape  
22 for the videographer, so let's take a quick break.

23 THE WITNESS: Okay.

24 THE VIDEOGRAPHER: Going off the record --

1 I'm sorry.

2 This marks the end of Videotape Number 2  
3 taken in the deposition of Barbara Arwood. Going  
4 off the record, the time on the video screen is  
5 14:14:05.

6 (Whereupon, a short recess was  
7 taken.)

8 THE VIDEOGRAPHER: Here begins Videotape  
9 Number 3 taken in the deposition of Barbara Arwood.  
10 Going back on the record, the time on the video  
11 screen is 14:28:05.

12 Please continue.

13 BY MR. STANOCH:

14 Q. Ma'am, we were looking at  
15 Exhibit Defendants' 339, and we were talking about  
16 Paragraph 9 and about why you weren't satisfied with  
17 the situation as you write there.

18 Other than what we had talked about before  
19 the break, are there any other reasons why you are  
20 not satisfied with the situation?

21 A. Vic and I would like to think that we're  
22 getting the highest price, a competitive price for  
23 our milk, and I just -- we just don't think we are  
24 right now.

1 Q. What do you mean by "competitive price"?

2 A. Well, it would be an unfixed price, an  
3 unmanipulated price, one that demonstrates that --  
4 the highest price for our milk.

5 Q. So you think that the price now is fixed  
6 or manipulated?

7 A. I don't know for sure. It appears to be.

8 Q. Other than the allegations in your  
9 Complaint, do you have any other personal knowledge  
10 about the fixing or manipulation of raw milk prices?

11 A. No.

12 Q. In the same paragraph, Paragraph 9 we've  
13 been looking at, you say that, "Victor and I have  
14 tried to sell our milk to Mayfield directly like  
15 before the outsourcing, but they would not take our  
16 milk outside of DMS."

17 Do you see that?

18 A. Yes, sir.

19 Q. When did you try to sell your milk  
20 directly to Mayfield?

21 A. We discussed selling our milk directly to  
22 Mayfield's with Terry Honey probably I would say it  
23 was two or three years ago.

24 Q. Did you approach him or did he approach

1 you?

2 A. We approached him.

3 Q. And what did you say?

4 A. Well, we just said we would like to sell  
5 our milk directly to Mayfield's. We never asked not  
6 to sell our milk directly to Mayfield's, could we  
7 now do that again, and that's what we said.

8 Q. What did Mr. Honey say?

9 A. He said he would put us on the list.

10 Q. What did you take that to mean?

11 A. We assumed it was a long list and that we  
12 were not on the top.

13 Q. Have you ever talked to anyone at  
14 Mayfield -- I'm sorry.

15 Where is Mr. Honey again?

16 A. Mr. Honey lives in Alabama.

17 Q. With whom does he work?

18 A. I'm not sure. I thought he worked for  
19 Mayfield, but I think he works for DMS. I don't  
20 know where he comes from.

21 Q. Did you speak with anyone besides  
22 Mr. Honey about trying to sell your milk to Mayfield  
23 directly?

24 A. No, we didn't.

1 Q. Did you ever follow up with Mr. Honey  
2 after your initial conversation with him two, three  
3 years ago?

4 A. We may have mentioned it one more time,  
5 but no, not -- not on a regular basis and not by  
6 letter.

7 Q. Do you know when you may have mentioned it  
8 to him?

9 A. No, I don't really remember.

10 Q. Can I see your pile of exhibits, ma'am?

11 A. Certainly.

12 Q. I believe one of them had Mr. Honey's name  
13 on it, and I just wanted to look at it real quick.  
14 Thank you.

15 Ma'am, if you'd look at Defendants'  
16 Exhibit 318, the second page marked ARWOOD271, I  
17 believe Mr. Honey's name is indicated there as a  
18 fieldman; is that right?

19 A. That's right, yes, sir.

20 Q. Does that refresh your recollection as to  
21 whom -- with whom Mr. Honey is employed?

22 A. Yes. Mr. Honey is employed by Dairy  
23 Marketing Services, as indicated on this page.

24 Q. And do you have any reason to think he was

1 not employed by DMS when you spoke to him two, three  
2 years ago about selling milk directly to Mayfield?

3 A. When he called, I don't recall his  
4 announcing whom he was representing. At that time  
5 we were selling our milk through Dairy Marketing  
6 Services, and I guess I assumed he worked for them  
7 since he was contacting us as fieldman.

8 We traditionally had been served by a  
9 fieldman from Mayfield, so when the term "fieldman"  
10 was used, I was assuming it was Mayfield, but it was  
11 not. It was DMS.

12 Q. Thank you. You go on to say in  
13 Paragraph 9 of your declaration, Defendants' 339,  
14 the last sentence, "I feel we have no choice but to  
15 sell our milk through DMS," right?

16 A. Yes, sir.

17 Q. And again, have you attempted to join any  
18 cooperative?

19 A. No.

20 Q. Have you attempted to sell your milk to  
21 any other processing plant besides the Mayfield  
22 plant in Athens, Tennessee?

23 A. No.

24 Q. The next paragraph, the second sentence

1 says, "I also believe based on my experience that  
2 the remedial relief requested by the Complaint is a  
3 necessary way to restore competition for the  
4 purchase of milk produced in the southeast."

5 What's your understanding of the remedial  
6 relief requested in this case?

7 A. All of the dairy farmers in the southeast  
8 who are part of this class action suit would like to  
9 receive the damages we've incurred by the low  
10 prices. We would like to receive money for that.  
11 The remedial relief is that.

12 Q. Anything else besides that as to your  
13 understanding of the remedial relief requested?

14 A. I don't know of anything right now that I  
15 can think of right now.

16 Q. If you think of it, please, by all means  
17 let me know during the deposition. Thank you.

18 Has you or your husband ever sold raw milk  
19 anywhere else in the southeast?

20 A. No.

21 Q. Do you have an understanding of the market  
22 conditions for raw milk in any other state within  
23 the southeast?

24 A. We receive information only for Orders 5